

The Indian National Interest Review

# Pragati

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The citizen at war

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Roots of rajadharma

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Gandhian liberalism

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Kargil and its lessons

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# Addressing the dynamism-dysfunction paradox

*The need for public investment, government competence & willingness to pay*

Meghana Kulkarni



A recent article in the New York Times highlights the increasingly obvious paradox with India—"dynamism wrestles with dysfunction." It points to the example of Gurgaon and writes that "economic growth is often the product of a private sector improvising to overcome the inadequacies of the government."

In Gurgaon and elsewhere in India, the answer to the country's economic growth paradox that has gained currency is that "growth usually occurs despite the government rather than because of it". It is argued that if governments—central, state, and local—could get their acts together, then everything could

be so different.

Is it as simple as that or does it merit a more nuanced perspective? Is the problem merely one of a dynamic private sector and a dysfunctional government? Will the problems and deficiencies in public infrastructure service delivery disappear and entrepreneurship bloom merely if governments become efficient?

It is undoubtedly true that governance remains generally weak and ineffectual across the country. Bureaucracy is stifling, professionalism scarce, political populism rampant, and corruption all pervasive. It is also true that India's private sector, especially

in services, has spawned remarkable global success stories and has played a major role in placing the country into its current growth path. Private entrepreneurship has blossomed spectacularly over the past decade despite numerous governance-related obstacles.

However, even if governments become more efficient and outcome focused, there are certain fundamental pre-requisites for any government action to deliver results. Efficiency improvements and planning can only create the platform for effective public service delivery. It cannot be a substitute for the massive capital investments required to actually deliver public services. Development of the magnitude that India needs will require huge investments. Unfortunately, development spending in India resembles a trickle-down drip, whereas what is needed is a large-sized pipe.

Our cities and villages have abysmal civic infrastructure, electricity supply is deficient and notoriously unreliable, ports are choking, and roads are woefully inadequate. Addressing all these deficiencies require investments. Each major city would require thousands of crores of rupees. To just put our infrastructure requirements in perspective, the flagship programme for infrastructure development in our 63 major cities, the Jawaharlal Nehru National Urban Renewal Mission, had an outlay of \$20 billion over five years. In comparison, the recently started 1318 km long Beijing-Shanghai high-speed rail link, one among the many infrastructure projects in China, itself costs \$33 billion.

In recent years, a perception has gained ground that government resources could be substituted with private investments, especially through public private partnerships (PPP). All it requires is for governments to either contribute land as its equity or agree to pay an annuity to the developer to deliver the service, and private investors will queue up. Accordingly, governments at all levels across the country have been chasing PPP investors for the delivery of civic and public infrastructure services. However, except in a few inherently private investment friendly sectors, the results have been dismal elsewhere.

This outcome was expected. In its broad

historical sweep, no major country in the world, including both the developed and the now emerging economies, has constructed their public infrastructure except through massive direct public investments. Nowhere in the world have private investors replaced governments as the major or even a significant provider of services in sectors like urban civic infrastructure, mass transit, roads, bridges and so on. These investments have been and continue to be the responsibility of governments.

Even assuming the availability of resources, it is unclear if the private supply side in India has the expertise and capability to deliver infrastructure facilities and services on the scale required. Capacity remains constrained at many levels—skilled workers, engineering personnel, heavy equipment, inputs like steel and cement, access to finances, and so on. There are just a handful of service providers, most of them already heavily over-stretched, who have the resources to deliver infrastructure services on a reasonable scale.

Apart from the massive up-front capital investments by governments, most of these facilities have considerable operation and maintenance expenditures, and therefore require high user charges or tariffs, much more than what they are paying today, to be sustainable. However, user charges and tariffs in India are too small that it is inconceivable that any government could permit raising them by the quantum required to recover these user charges. In addition, governments will have to bear the subsidy burden if the poor are to access these services and facilities.

In cities like Gurgaon and elsewhere, an increasing number of people pay much higher (than prevailing tariffs) to access good quality civic services from private providers. Herein lies another paradox—people are individually paying exorbitant rates to access services from private providers but collectively unwilling to agree to pay for the same from government agencies. Why pay the government for a service, when its delivery is unreliable and quality questionable? There is a circular ring to this oft-repeated argument that people are willing to pay higher user fees or prices if they

are assured of reliability and quality.

The misconception that privatisation is the alternative for government service delivery and that the latter is inherently inefficient has merely amplified this collective reluctance to pay for services. It has become ingrained into the public consciousness that government providers are inefficient and expensive, whereas private service providers can deliver the same service with much greater quality and cheaper. This misconception persists despite ample evidence that private service delivery, while more efficient, comes with a much higher price-tag.

The rich live in near complete isolation. They enjoy high-quality utility services—water, sewerage, electricity, telephone—delivered by private service providers. They hire private security guards to maintain law and order in their gated communities. These self-contained communities have their own parks, gyms and other recreational facilities. Our cities have all the exclusive global brand retail outlets and shopping malls to satisfy their desire for conspicuous consumption. Though they still have to endure the traffic congestions and bad roads, they can afford to do it from the luxury of their chauffeur-driven limousines. And when they want to get away from even these, they have access to world-class airports and luxurious resorts.

In other words, the rich and upper middle-class are increasingly finding diminishing incentive in improving public infrastructure. And unfortunately, they are among the only category of users who can afford to pay the high prices required to establish and deliver world class civic services. If they abdicate, the ability of local governments to finance and sustain such services becomes even more tenuous.

None of this is to absolve governments of blame for the dysfunctionality of our governance systems. It is undeniable that governance systems have to be competent and efficient enough to professionally plan and execute infrastructure projects and then effectively maintain them. It is just that we need to face up to the reality that good quality public service delivery requires massive investments in our

infrastructure and a willingness by citizens (and wherever they cannot, by governments) to pay much higher than what they are paying now in the form of tariffs and taxes. Simplified explanations that attribute the dysfunction-dynamism paradox to the standard private-public sector stereotypes mere brush issues under the carpet.

## *The rich and upper middle-class are increasingly finding diminishing incentive in improving public infrastructure.*

At a macroeconomic level, the persistent problem of inflation is also a reflection of the capacity deficiencies in the Indian economy. Basic economics teaches us that the outward movement of an economy's production possibility frontier has to be complemented with proportionate investments in infrastructure and other requisite structural changes. For an economy used to trundling at about 5 percent annual GDP growth rate for decades, the sudden spurt in growth since 2003-04 has evidently taken its toll. Investments in infrastructure have failed to keep pace with the demands of sustaining high economic growth rates for long periods. It was only a matter of time before the strains started to show. No amount of monetary tightening and policy manoeuvrings can be a substitute for the fundamental capacity deficiencies of the economy to support such high rates of economic growth over long periods.

These gridlocks are unfortunate because at least some Indian cities have fairly robust and professional governance systems in place. There are a few cities which even have excellent and professionally prepared City Development Plans, which could not be implemented for lack of resources. In general, urban governance has improved considerably in many cities across the country in recent years. However unless the aforementioned issues are satisfactorily addressed, the dynamism-dysfunction paradox could degenerate into pure dysfunction.

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# The maximising city

*Our cities do not need more government spending—they need more autonomy, privatisation and deregulation.*



Kirk Kittell

Indian cities face seemingly insurmountable problems of congestion, water availability, garbage and sewage disposal. A recent *New York Times* article “In India, dynamism wrestles with dysfunction” on Gurgaon triggered off a healthy debate on this issue. On the *Marginal Revolution* blog, Alex Tabarrok, a professor of economics at George Mason University, describes Gurgaon as a collection of “private oases” where the private sector has provided, *inter alia*, “transportation, utilities, security” but between such oases lie the “government desert”. He acknowledges that economies of scale would mean that some services could be better provided by the government, but it would have been better had even those responsibilities been privatised early on as far as possible, rather than assigned to the Haryana Urban Development Authority, the relevant government body that turned out to

be incompetent.

Gulzar Natrajan on the other hand sees this as a cautionary tale, and argues that Indian cities need massive—and direct—government investments (see previous article). Residents should get ready to pay up higher user fees and taxes, while the poor will have to be subsidised by the government. While charging higher user fees is indeed required, higher taxes unless accompanied by structural reforms like smaller municipalities, fiscal autonomy and direct mayoral elections will be detrimental to cities in a country which already has an anti-urban policy bias. He is sceptical of Private Public Partnerships (PPPs)—and given our recent experience with crony capitalism, rightly so.

But the solution is not rejecting the approach completely. Instead a more open, competitive approach to PPPs is needed with no retroactive

contractual changes. Private players need to move from a “cost-plus” mindset to a more entrepreneurial one—we should insist on greater contractual clarity early on. If a private player then has cost overruns in building, say, an airport, then the government should not, and should not be expected to, bail the former out.

A further move towards longer-term contracts is also needed—perhaps, potholes would not develop in our roads every monsoon when the same contractor is liable for maintaining a baseline quality (as opposed to a periodic tender system, where sub-standard roads are actually incentivised as they increase the number of contracts next year). It is true that infrastructure in many leading global cities was indeed built directly by governments over the last two centuries. Today private companies like Hindustan Construction Company (HCC) have built from scratch mid-sized cities like Lavasa—drains, roads and all. Even massive projects like the Bandra-Worli Sea Link (also built by HCC) need not require tons of taxpayer cash up front, because the receivables (tolls) can be completely securitised. Indebted American cities have used this technique, with partial success.

Of course a Tabarrok-ian wholesale privatisation is not feasible anytime soon for existing cities. But calling for general-tax-revenue-financed direct government spending and building is the wrong way to go. If this means strengthening the “vicious” loop of mistrust about government leading to an underfunded, dysfunctional and hence mistrusted government, perhaps we need not see this as cynicism but realism, and propose alternative solutions wherever possible.

Let us therefore examine specific problems. Regarding traffic jams, we need congestion tolls and tariffs, not necessarily more public transport [See How to *un-jam* our cities, Pragati, July 2010]. We need to cut various automobile taxes to bring autos more in line with other goods, and make the transition revenue-neutral. We need to deregulate our bus, taxi and three-wheeler services rather than make them more expensive by restricting their numbers through licencing. Some of

the cost savings there can then be channeled towards tighter emission norms—surface public transport is more polluting than urban private transport in India. Moreover, inane requirements like three-wheelers not being allowed to cross state boundaries need to go. Metro rail cannot be a solution in all towns and cities. In Gurgaon, it made sense to extend Delhi’s network. In many other mid-sized cities, such rail lines will not be viable. Also, congestion can be further reduced by competitively selling parking spots to collection agents—this will increase the fees, but surely not many poor are parking their sedans there?

Garbage collection—most Indian municipal governments waste a lot of money on unionised garbage collectors, and other such sinecures (for some, garbage collection, park cleaning or night policing are indeed plum government jobs as they do not have to turn up for work, and knowing that, many local Resident Welfare Associations have hired private alternatives anyway). Instead, dumping of garbage should be heavily fined, and more PPPs (if not outright privatisation) should be encouraged for collection. Rahm Emanuel, the new mayor of Chicago, broke with his union allies in following the footsteps of other cities and introducing “managed competition” in the city’s services. This is likely to save \$65 million in garbage collection alone. Even though government departments are still likely to win the majority of the bids initially, the competition will force them to be more efficient.

In the case of drinking water supply, sewage collection, and electricity distribution there are some obvious positive network externalities (and potential risks of local private monopolies), therefore government does have a role to play here. But does that mean that investments of “billions of dollars” are required? Privatisation of distribution has already substantially reduced electricity theft in cities like Delhi, and citizen-customers have multiple distributors to choose from. Other Indian cities need to follow this model. Moreover, private electricity networks, connected to generators through a national “smart” grid, can be further extended if

they are suitably incentivised by allowing further pricing flexibility. Similarly, when it comes to supply of potable water supply, we should follow a diversified policy toolkit of using higher charges after a certain usage, encouraging rainwater collection and, again, encouraging PPPs on the distribution side to minimise “losses”.

## *Despite all the problems of Gurgaon, millions have voted for the city with their feet because the private sector has stepped in where the government has failed.*

While “private islands” sourcing their own supplies may indeed be sub-optimal, such a market failure pales against the government failure where the poor de facto have to rely on much more expensive drinking water than the middle-class. When it comes to sewage collection, governments should concentrate on public health benefits like anti-malarial campaigns by spending money on suitably spraying chlorine oxides and have a limited mandate of inter-linking existing private sewers, rather than “crowding out” work done and attempting to build a house-to-house network on their own.

But assume for a moment that tariffs for government services cannot be raised for political reasons, and that the “be slow and appear honest rather than accept PPP imperfections” mood gets entrenched from our defense ministry to our municipalities, then indeed the cities have to rely on greater grants from New Delhi. While reformist

schemes like the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and recent proposals to have a certain percentage of central revenue be earmarked for cities by law may be important initial steps, they foster greater centralisation and lower flexibility of policy responses to unique problems in different cities.

If instead of grants, more fiscal autonomy was granted to cities they would compete to preserve (and expand) their tax bases by ameliorating counter-productive regulations like low floor area ratios (FAR) and floor space indices (FSI) that keep our cities dispersed and create the need for more transportation, a policy is especially harmful in a emerging economy like India’s. Autonomous municipalities with powerful executives would be forced to reduce real-estate transaction taxes (something which would actually increase tax revenues, given our current rates) and do away with inefficient departments if they knew they would not be bailed out “from above”. Moreover, so long as they are not allowed to levy distortionary taxes like octroi, local governments would get to keep any surplus and invest in parks and city development projects.

Central spending cannot seed the cities of the future. Direct spending cannot nurture existing cities. Despite all the problems of Gurgaon, millions have voted for the city with their feet because the private sector has stepped in where the government has failed. The solution is not to grow rent-seeking public works departments in such cities and assume that by forcing elites to buy a “stake” in public services, the situation will somehow work tomorrow. Even many first-world cities are bankrupt today because of the political economy of government unions; Indian cities needs to be ahead of the curve and embrace pragmatic privatisation.

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# The citizen at war

*Political freedom must be used to fight for economic freedom*

Ranjith Shenoy



**W**itnessing the recent skirmishes between some segments of the “civil society” and the central government of India, it is hard to keep cynicism at bay. On the one side there are sincere people with not inconsiderable following who are trying to bring about change in governance and the reduction of public corruption which has reached astronomical proportions. While they may be motivated by worthy goals, not all their means are above reproach. Their passion is not matched by their understanding of what should be done and how.

On the other side are powerful people in the government who are not particularly perturbed about the reports that allege, often with substantial evidence, their involvement in scams that run into billions of dollars. These people have the power of the state on their side and are not hesitant in using overwhelming force to defeat the people on

the other side. Not just the police force, but they have used government agencies—such as investigative and taxation institutions—to fight their opponents.

The confrontations between the two sides play out with the background consisting of the rest of the population, who for the most part have come to accept their lot with a resignation that borders on fatalism. Decades of increasingly bad governance and ubiquitous corruption have convinced them that that's how it is and nothing can be done about it. They will not be stirred into action by the civil-society leaders, and apparently the government will not be shaken by the civil society demands.

This adversarial relationship between the citizens and the government has a civil war flavour to it. This is puzzling given that India is a democracy and one would expect the government and the people to have convergent interests. Lincoln had pondered

in his famous speech at Gettysburg in 1863 whether a nation with a government “of the people, for the people and by the people” can endure the on-going civil war. The United States did survive the civil war and as one historian put it, it became a country in which the idea of a civil war is inconceivable. The question before us is whether the battles between the Indian government and citizens foreshadow a war between them—which I call a “citizen war” to distinguish it from a civil war which involves warring factions of citizens.

Here I argue that the interests of the people in the government are antagonistic to the interests of the citizens. To make the case, we have to distinguish between two types of governments: one is a development-oriented government which is committed to economic freedom, individual freedom, and political freedom; and the other, a predatory government which denies citizens freedoms for extractive and exploitative (E&E) ends.

It is both an analytically and empirically well-established fact that economic and individual freedoms are necessary for development. It is also beyond doubt that a “license control permit quota” regime—a command economy in other words—is inconsistent with economic growth and development. The explanation for India’s dismal economic performance can be explained almost entirely if one posits that the Indian governments have been of the E&E kind. The evidence is overwhelming.

The reason for why India has an E&E government lies in India’s colonial history. Imperial powers get into the business of running colonies for economic gain. The economic interests of the ruled and the rulers are necessarily mutually antagonistic. The relationship between the colonial masters and their subjects is not voluntary, and as a consequence, power is asymmetric: the rulers have the power to extract economic rents from the economy, at the expense of the ruled. For this, the masters create the laws and regulations which are consistent with their goals. It is perfectly natural and understandable that the British framed laws

that gave the colonial government supreme power. During the British Raj, the government was the master and the people its servants.

But of course that relationship between the government of India and Indians changed after India became politically independent. Or did it? The laws which the British had framed for their purposes continued to operate. The institutions continued as before, with minor cosmetic changes, such as renaming “Indian Civil Service” to be “Indian Administrative Service.” Different people occupied the chairs but the functions remained exactly the same. Admittedly the new rulers had more pigment in their skin but they were actors in the same old play on the same old stage with the same old script. Like their predecessors, the new rulers went around with the same red flashing lights on their cars as they did before 1947. They still do. It was, and still is, what in modern parlance can be labeled “British Raj 2.0.” It would be, in the immortal words of Yogi Berra, *déjà vu* all over again for us except for the fact that most of us were born after 1947.

Unlike the United States, India did not have a “Revolutionary War of Independence.” Actually, India never had any revolutions to speak of, unlike other countries; nor did it have a civil war to iron out what India really stood for. Indians are as a lot not very excitable, and prefer the laid back *chalta hai* attitude. The British left in their own sweet time when it suited them. They had extracted enough wealth out of India by then, India had become too impoverished, and in any case, colonialism was fast going out of fashion. Their imperial power and hegemony was waning. They left because the sun was setting over the British Empire and it was time to go home.

There are major differences in the cases of India and the US, though they were both British colonies at some time. The Americans won their freedom by defeating the British, and decided that they will not ever be subjects of a king. They gave themselves a new set of rules, and were not interested in reusing or recycling British rules. They wrote an absolutely brilliant constitution which gave

the people power over their government. It is short enough for one to read over a lazy cup of coffee, and most Americans have read it in high school.

The American constitution spelled out what the government could and could not do. The constitution severely limits the power of the government, and prudently distributes it across three institutions—the legislative, the executive, and the judiciary. The people are the masters and the government that they elect does what the people allow them to do. In India's case, the government is the master and the people exist to serve it. The Indian constitution is a set of prescriptions and prohibitions limiting the freedom of the people.

What India needs is a fundamental transformation, a change in the rules of the game, not a mere change in the set of players. The independence that Indians should have fought for should have been about real economic and personal freedoms. Granted that Indians have the political freedom to choose but it is more a matter of servants choosing which master they wish to serve, rather than free people choosing who is to serve them. My contention is that the independence of 1947 was at best a partial one. Because Indians of the previous generation avoided a real war of independence, it remains for us to fight and win the upcoming war.

The sad thing is that it is not entirely clear to the people in these early battles being fought in the Jantar Mantar and the Ramlila grounds in Delhi that what they should be fighting for is economic and personal freedoms, and against imperialism. They apparently believe that a bad set of people are at the root of the corruption and that if the corrupt are replaced or punished, corruption will disappear. They are calling for another government institution which will have supreme executive power to investigate and punish the corrupt. One supposes that in due time there will be a call for yet another government institution to "guard the guards", and so on.

The relationship between corruption and control is real, enduring and easy to

elucidate. The more control the government has, the greater the opportunity for the people in government to profit from their power. The colonial British government was powerful. Those who took over the reins of the government did not see any reason for surrendering those powers. The transfer of power from one set of people to another happened seamlessly and indeed, the man at the helm of affairs, Jawaharlal Nehru, even boasted that he was the last Englishman to rule India. No doubt the powers he inherited sat well with his English sensibilities.

*What India needs is a fundamental transformation, a change in the rules of the game, not a mere change in the set of players.*

The way ahead for India is to reduce the power of the government and shift it to the people. For this to happen, the people have to wrest the power out of the clutches of the government. It is a monumental task and it will neither be an easy nor a quick victory. It is not going to happen through fasts or any other form of blackmail because the powerful are never moved by others' suffering—there's sufficient involuntary fasting going on in India anyway, and that has not affected anything.

The way forward is through the only freedom that Indians have—the power of their votes. The government knows this and proof of that knowledge is in what the government does: it fragments the population along caste and religion, easily manipulating them by withholding and granting favours to groups as needed to maintain control. That divide-and-rule works in the British Raj 2.0 equally as well as it did during British Raj 1.0.

Democracy is not just about elections and

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# The ruler's first commitment

*Enforcement of laws using the science of chastisement*

Edwin Binney 3rd Collection/  
The San Diego Museum of Art



**L**ying on his bed of arrows at the end of the Mahabharata, Bhishma tells Yudhishtira the story of the first sovereign. “At first there was no sovereignty, no king, no chastisement, and no chastiser. All men used to protect one another righteously.” People looked after each other, but as that got tedious, there were lapses which clouded people’s judgment—“their virtue began to decline.” Greed, lust and anger set in. Righteousness (and the Vedas) disappeared.

Frightened and grief-stricken, the gods prompted Brahma to create a large code by which people were to live. The code identified virtue, profit, pleasure and (spiritual) emancipation as the ends of life, and given the Indian penchant for taxonomy, several lists of failings, weakness and habits. As people’s

understanding and lives shrank, this was shortened and simplified several times.

Finally, the gods asked Vishnu to identify a mortal who “deserves to have superiority over the rest.” Vishnu then created such a person from his own energy, but for the first few generations, these individuals chose spiritual pursuits over political power. Ananga was the first of this line to choose to rule and he did so within the framework of dharma. His son’s attentions were diverted to pleasure and his grandson was the terrible Vena. Vena is described in Bhishma’s narrative as “a slave of wrath and malice,” who “became unrighteous in his conduct towards all creatures.” The seers of the age killed Vena, and from his limbs, drew two sons: Nishida and Prithu.

Prithu emerged well-versed in everything a

king needed to know and proceeded to be the first king. Bhishma tells Yudhishthira: “That high-souled king caused all creatures to regard righteousness as the foremost of all things; and because he gratified all the people, therefore, was he called *Rajan* (king). And because he also healed the wounds of Brahmanas, therefore, he earned the name of *Kshatriya*. And because the earth (in his region) became celebrated for the practice of virtue, therefore, she came to be called by many as *Prithvi*. The eternal Vishnu himself, O Bharata, confirmed his power, telling him, ‘No one, O king, shall transcend thee.’ The divine Vishnu entered the body of that monarch in consequence of his penances. For this reason, the entire universe offered divine worship unto Prithu, numbered among human gods.”

The story of the first king is a story of perfection in decline, necessitating the establishment of a regulating order and is reminiscent of Western social contract theories. The difference is that the king here is a divine creation mandated to rule by a divinely created code, and whose performance is monitored by one section of society. The key word in this story is ‘righteousness,’ often the translation of ‘dharma.’ It is the decline of ‘righteousness’ that prompts the need for code and king, and it is in his unwavering commitment to righteousness that Prithu betters his predecessors.

Reflections on the meaning of ‘dharma’ have been the main work of this civilisation but in the Puranic stories that make up the most accessible part of Indian political tradition, the state of ‘dharma’ in a given polity or age is measured by the degree to which *varnashrama dharma* is observed/preserved. In Bhishma’s story, for instance, the rishis who have drawn Prithu forth, advise him: “O puissant one, know that Brahmanas are exempt from chastisement, and pledge further that thou wouldest protect the world from an intermixture of castes.” Dharma lay in individuals complying with the social matrix of *varnashrama dharma* which was the human equivalent of “a place for everything and everything in its place.” Today, we abhor the iniquitous hierarchies of caste and value the longevity, mobility and opportunity that

have altered life-stage options. Therefore, the old understanding of what needs to be valued and enforced by our political community is irrelevant.

The challenge is to read the same stories and find lessons more in keeping with our lives and values today. Bhishma’s story impresses upon us the importance both of having a code and of enforcing it. But maybe there is a lesson to learn in the fact that Brahma’s original unimaginably long and exhaustive code was shortened several times before it was deemed usable. The story says this is because people’s understanding was not the same as before; but perhaps we can also see it as a sign that ‘less is more.’ In post-colonial India, we have turned to the law as panacea—through amendments or new laws—but after more than sixty years, we still live with most of our problems from corruption to gender violence to inequality of opportunity. Perhaps one practical takeaway is to legislate less and enforce more. After all, enforcement of this code was Prithu’s first commitment.

*Bhishma’s story impresses upon us the importance both of having a code and of enforcing it.*

Before Prithu, many who were offered the king’s job turned it away, preferring spiritual pursuits. Then there was Vena who was so venal that the earth could not bear him. So the king who is non-pareil is a person who is neither ascetic nor utterly driven by self-interest. Given the cynical, anti-corruption, anti-politician mood of the day, anyone who seems like a renunciate receives the benefit of the doubt, it is useful to know that it is the person who wants to engage with the world who is declared ‘king’ in this story, not the one who walked away in the first place. Today’s lynch-mobs are neither as brutal nor as effective as the rishis who dismembered Vena, but perhaps that is just as well, since few could pass the same ethical tests.

How did Prithu interpret his enforcement

mandate? As soon as he was anointed, he leveled the rocky primeval earth and made it habitable. Every element, spirit and species showered him with resources and wealth for “gratifying the needs of religion, profit, and pleasure” and in his reign there was both abundance and variety of food for every living creature. As the earth yielded to his clearing and cultivation, so did waters solidify and mountains make way for him. “That high-souled king caused all creatures to regard righteousness as the foremost of all things; and because he gratified all the people, therefore, was he called *Rajan* (king).” Bhishma points out to his grand-nephew: “O king, thy kingdom should always be protected by the aid of the science of chastisement. Thou shouldst also, by careful observation made through the movements of thy spies, protect it in such a way that no one may be able to injure it. All good acts, O king, lead to the good (of the monarch). The conduct of a king should be regulated by his own intelligence, as also by the opportunities and means that may offer

themselves.”

In other words, for Prithu, being a king meant making it possible for living creatures to inhabit the earth by making it habitable and using its resources for their needs. But the point to note is that Prithu’s subjects are all living creatures, not one or the other species. He receives from all and disburses to all, underscoring the interdependence of all life-forms—an idea that has resonance both for today’s ecological crises and for international relations. Prithu’s actions were driven by ideals and values rather than expedience, and enforcement is not coercion but “chastisement.” The king also stays informed, so this is no vacuous, well-meaning person who blunders into good deeds, but someone who makes a point of gathering information and using it thoughtfully and strategically. In our time this may be read as saying the king (or government) must prioritise rule of law and sustainable and equitable development.

### **The citizen at war: Continued from Page 11**

voting periodically. If the concept is to have any meaning in its implementation, it must be informed voting. If enough people become aware of the reality of the government’s miserable role in their present predicaments, they would at least choose a different set of people who credibly commit to reducing the size and power of the government. Of course, the present government knows this and deals with that threat by choking the flow of information to the people. The internet is on the government’s radar and they are working hard to prevent people from getting informed through that channel.

If the people send a message via the ballot box to the government that they will definitely throw out people who continue to increase the power of the government, in due time there will be people in government who will limit the power of the government. For this to happen, the biggest challenge is

to inform and educate the voters. At some point, they have to understand what Gerald Ford warned Americans: “A government big enough to give you everything you want is a government big enough to take from you everything you have.”

The unfortunate fact is that we have to realise that freedom does not come without a struggle. The illusion that India is a free country is persistent and hard to shake off. The time has come for the revolutionary war that we should have been done with decades ago, a war that demonstrates that the people are the principals and the government is their willing agents. Since political freedom is a reality, that war has to be now fought politically. Mobs and blackmail will not bring about the structural changes India needs to prosper. The transformation of India will be good but it is definitely not going to be fast or cheap.

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# Gandhi, the Liberal

*A fresh look at Gandhian economics*

**A**re Gandhian economic policies incompatible with free market economics? Gandhi advocated limited government intervention, unfettered individual liberty and freedom, higher education in private hands and sex education in schools.

In the wake of the global economic crisis, it is pertinent to examine Gandhi's views on economics and ethics. *Writing in Young India* (1921), Gandhi argues:

"I do not draw a sharp or any distinction between economics and ethics. Economics that hurt the moral well-being of an individual or a nation are immoral and, therefore, sinful. Thus the economics that permit one country to prey upon another are immoral...The economics that disregard moral and sentimental considerations are like wax works that, being life-like, still lack the life of the living flesh. At every crucial moment thus new-fangled economic laws have broken down in practice. And nations or individuals who accept them as guiding maxims must perish."

This is akin to what Adam Smith emphasised in his first book, *The Theory of Moral Sentiments*, in which he coined the phrase 'invisible hand'. Gandhi, as a philosopher of human action, seems to be well aware of the consequences of the moral sentiments.

Advocating individual freedom and liberty, Gandhi wrote in the *Harijan* (1943 & 1942):

"If individual liberty goes, then surely all is lost, for if the individual ceases to count, what is left of society? ....No

society can possibly be built on a denial of individual freedom. It is contrary to the very nature of man". Further he went on to argue that "Every individual must have the fullest liberty to use his talents... Individual liberty and inter-dependence are both essential for life in society."

Indeed, there is some convergence between Gandhi and Ambedkar on their views on the individual and society. Ambedkar argued that:

"Unlike a drop of water which loses its identity when it joins the ocean, man does not lose his being in the society in which he lives. Man's life is independent. He is born not for the development of the society alone, but for the development of his self...The first is that the individual is an end in him self and that the aim and object of society is the growth of the individual and the development of his personality. Society is not above the individual and if the individual has to subordinate himself to society, it is because such subordination is for his betterment and only to the extent necessary. Man is an individual who holds himself in hand by his intelligence and his will; he exists not merely in a physical fashion."

Both liberals and opponents of Gandhi have misinterpreted his argument on self-sufficiency. Gandhi wrote that:

"Only a Robinson Crusoe can afford to be all self-sufficient...A man cannot become self-sufficient even in respect of all the various operations from the growing of cotton to the spinning of the yarn. He has at some stage or other to take the



aid of the members of his family. And if one may take help from one's own family, why not from one's neighbours? Or otherwise what is the significance of the great saying, 'The world is my family?' This contradicts the image of absolute self-sufficiency that one finds in Gandhian literature.

On the question of State intervention in public affairs, Gandhi was very much concerned about the State's role in protecting the individual freedom and its role in trying to be friendly with neighbours. He wrote (1948 & 1935):

"I look upon an increase of the power of the State with the greatest fear, because although while apparently doing good by minimizing exploitation, it does the greatest harm to mankind by destroying individuality, which lies at the root of all progress." He further argued that the "State represents violence in a concentrated and organised form. The individual has a soul, but as the State is a soulless machine, it can never be weaned from violence to which it owes its very existence...What I would personally prefer would be not a centralisation of power in the hands of the State, but an extension of the sense of trusteeship; as in my opinion the violence of private ownership is less injurious than the violence of the State. However, it is unavoidable, I would support a minimum of State-ownership".

Today, the government rules out "coercion completely in the efforts for population stabilisation". For years population was seen as a problem rather than a key resource. Interestingly, Gandhi was completely against population control strategy. He said (1925) that

"...it is contended that birth control is necessary for the nation because of over-population. I dispute the proposition. It has never been proved. In my opinion, by a proper land system, better agriculture and a supplementary industry, this country is capable of supporting twice as

many people as there are in it today."

Writing in the *Harijan* (1946) he noted that

"The bogey of increasing birth-rate is not a new thing. It has been often trotted out. Increase in population is not and ought not to be regarded as a calamity to be avoided. Its regulation or restriction by artificial methods is a calamity of the first grade, whether we know it or not."

Earlier he had argued that "This little globe of ours is not a toy of yesterday. It has not suffered from the weight of over-population through its age of countless millions. How can it be that the truth has suddenly dawned upon some people that it is in danger of perishing of shortage of food unless the birth-rate is checked through the use of contraceptives?"

*Gandhi argued that a democratic state should not fund universities from public coffers.*

At a time when India is debating higher education policy, Gandhi's views on the subject are particularly interesting (1937, 1938, 1947 & 1948):

"I would revolutionise college education and relate it to national necessities. There would be degrees for mechanical and other engineers. They would be attached to the different industries which should pay for the training of the graduates they need. Thus the Tatas would be expected to run a college for training engineers under the supervision of the State, the mill associations would run among them a college for training graduates whom they need. Similarly for the other industries that may be named. Commerce will have its college. There remain arts, medicine and agriculture. Several private arts colleges are today self-supporting. The State would, therefore, cease to run its own. Medical colleges would be attached to certified hospitals. As they are popular among

moneyed men they may be expected by voluntary contributions to support medical colleges. And agricultural colleges to be worthy of the name must be self-supporting.

Higher education should be left to private enterprise and for meeting national requirements whether in the various industries, technical arts, belles-letters or fine arts. The State Universities should be purely examining bodies, self-supporting through the fees charged for examinations. Universities will look after the whole of the field of education and will prepare and approve courses of studies in the various departments of education...University charters should be given liberally to any body of persons of proved worth and integrity, it being always understood that the Universities will not cost the State anything except that it will bear the cost of running a Central Education Department.

I am opposed to all higher education being paid for from the general revenue... It is criminal to pay for a training which benefits neither the nation nor the individual. In my opinion there is no such thing as individual benefit which cannot be proved to be also national benefit...Universities must be made self-supporting. The State should simply educate those whose services it would

need. For all other branches of learning it should encourage private effort..In my opinion it is not for a democratic State to find money for founding universities. If the people want them they will supply the funds. Universities so founded will adorn the country which they represent."

Finally, Gandhi argued for liberal sex education in schools. He said

"We cannot properly control or conquer the sexual passion by turning a blind eye to it. I am, therefore, strongly in favour of teaching young boys and young girls the significance and right use of their generative organs. But the sex education that I stand for must have for its object the conquest and sublimation of the sex passion. Today, our entire environment—our reading, our thinking, and our social behaviour—is generally calculated to subserve and cater for the sex urge. To break through its coils is no easy task. But it is a task worthy of our highest endeavour".

It is unusual for a discourse over Gandhi to illuminate his liberal arguments. Though Gandhi and Ambedkar differed on many substantive issues, there are instances of convergence between their arguments and ideas. We would do well to light our path in the twenty-first century through a better understanding of the fathers of our nation.

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# What nuclear no first use tells us

*Democracy, civilian supremacy and nuclear strategy*

Recently, Jaswant Singh, senior BJP leader, made a plea for India reviewing its commitment to No First Use (NFU) of nuclear weapons. In response, S M Krishna, the external affairs minister, reiterated India's continued adherence to it. What does NFU mean to India? After nuclear tests of May 1998, India declared itself as nuclear weapons state and on 17 August 1999 came out with a nuclear doctrine the heart of which is NFU. It suggests that India will not use nuclear weapons as weapons of offence but only for self-defence; hence use it only in second strike when India has already become a victim of a nuclear strike by an adversary. Only exception India provided is: If India is attacked with biological or chemical weapons by a state, it will be deemed as a nuclear attack and India will retaliate with nuclear weapons.

Though the intellectual origin of NFU was in the United States, it settled in practice to a policy of use of nuclear weapons as weapons of first strike on the grounds that its adversary during the Cold War, the Soviet Union, had a preponderance of conventional armed forces. Hence, it is China which was the first to adopt NFU as its official policy when it went nuclear on October 16th, 1964. When Pakistan tested overtly its nuclear weapons ten days after Indian tests, Pakistan followed the US on its commitment to first use of nuclear weapons.

My primary contention in this article is that NFU pursued by India and China per se is far more democratic than the option of first use

followed by the US and Pakistan. However, it is clear that NFU does not make a nation democratic; as much as first use makes it non-democratic. First therefore let me explain my contention that NFU is far more democratic than the first use and then discuss what leads a nation to adopt or stick to first use.

## How NFU is more democratic than first use

India has committed to NFU with known advantages as a reluctant nuclear weapon state. A commitment to NFU is logically and philosophically, indicative of policy of restraint in the use of weapons of mass destruction. Under first use, nuclear weapons per force have to be placed with the armed forces for instant use. In NFU, since nuclear weapons are used only for a second strike, the weapons could be held by a different agency other than the armed forces. Civilian supremacy over the military is a well accepted norm in all democracies.

The alternative to the NFU is the first use; it would have meant India as an aggressive nation willing to strike fear of destruction by threatening the use of nuclear weapons. The doctrine of first use would, by necessity, force a nation to integrate its nuclear weapons with the conventional forces. In the event of a war, for instance, the US would face the choice of using the nuclear weapons quickly or risk them "in the use-them-or-lose-them phenomenon." Such a position would inevitably mean keeping nuclear weapons in hair-trigger alertness inevitably

in ready to fire position. That could mean also an invitation for pre-emptive strike by an adversary. It would have been an invitation in a developing democracy to armed forces to play a major role. NFU in association with minimum deterrence really limits the role of nuclear weapons as weapons of retaliation; hence, limiting their role in military planning and budget. This would really help India to strengthen civilian control over the armed forces that it has been so fortunate to maintain since independence.

## *NFU in association with minimum deterrence limits the role of nuclear weapons in military planning.*

Second, when the doctrine is based on the first use of nuclear weapons, leaders in decision-making positions are likely to race against time to use them first to prevent a war from escalating and becoming totally destructive of national self-interest. Since the first use doctrine is based on the assumption that quick and massive use is necessary to gain a victory against the adversary at a minimum cost. This pattern of thinking leaves no scope for crisis diplomacy to work to find an answer to the underlying issues that led to a crisis. On the other hand, in the NFU cause for the use of nuclear weapons is open to scrutiny for the international community. Use of nuclear weapons as a defensive retaliation is inevitably understandable and more justifiable.

Third, first use posture increases the dangers of accidental or unauthorised use of nuclear weapons. So far according to reports, there have been more than fifty probable cases of accidental nuclear war beginning between Russia and the United States. Despite best of their caution, false alarms can alert one side, which could be interpreted as an alarm leading to nuclear war. Though there are hotlines working between capitals of adversaries, an accidental crisis could not be ruled out.

Fourth, the nation committing publicly to the

doctrine of first use of nuclear weapons may become a victim of self-fulfilling prophecy. It might be pre-empted from considering any other alternate options to de-escalate the crisis. It could even become a matter of prestige of the decision-makers and at the highest-level, decision-makers are unable to disassociate individual prestige from national prestige.

Fifth, a nation following and publicly committing to the first use of nuclear weapons perforce prevents its general public from considering any other alternatives. Public also supports state's public posture uncritically, at least to begin with. Thus, it acts automatically to create a 'domestic resistance' against arms control and or nuclear disarmament proposals. Conversely, NFU gives a democratic role to public opinion on the use of nuclear weapons; it also helps in the promotion of nuclear disarmament. Incidentally, Indian nuclear doctrine states that "global, verifiable and non-discriminatory nuclear disarmament is a national security objective."

Sixth, an adversary, knowing that a country is well-determined to use nuclear weapons in the first instance, might be forced to go for a pre-emptive first strike. During the George W Bush administration, the US president had advocated pre-emptive strike even against terrorist groups. His predecessor, Clinton had used cruise missile strike against suspected terrorist hideouts on Afghan-Pakistan borders in 1998. Thus, there could be a hasty competitive pre-emptive strikes from either side.

### **Of civil-military relations**

It is therefore clear that NFU as an option is far more democratic than the first use option. But the option could be adopted as a policy either by a democracy as in the case of India or the one party dictatorship as in China. What exactly then is the determining factor? It can be reasonably argued that it is the extent of civilian control over the question of use of nuclear weapons. In India so far it is the civilian government that has

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RAVI GOPALAN

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# Filter

## *Geopolitical readings*

### MINERAL SECURITY

CHRISTINE PARTHEMORE of the Center for a New American Security (CNAS) explores a range of potential vulnerabilities that stem from the dependence of the U.S. defence supply chains on minerals such as lithium, gallium, rhenium, tantalum, niobium and rare earths such as neodymium, samarium and dysprosium on the back of China's supply blockade of rare-earth minerals to Japan in 2010.

In a CNAS report, “**Elements of Security: Mitigating the Risks of U.S. Dependence on Critical Minerals**”, she states that minerals could affect U.S. interests through four factors: 1) an evolving energy paradigm, 2) increasing space exploration, 3) accelerating seabed exploration, and 4) a changing defence industrial base, while policymakers were currently hampered by a lack of access to appropriate information and hype could drive policy debates.

She states that vulnerability to mineral supply disruptions could cause high cost overruns for weapons, lags in delivery of equipment, provide leverage to supplier countries and also inhibit development of clean

energy technologies. She concludes that the U.S. should conduct new assessments of its defence supply chains, enhance its data collection capabilities on critical minerals and promote information-sharing with the private sector. It should also integrate mineral supply vulnerabilities into its wargaming scenarios and the Senate should ratify the U.N convention on the law of the sea (UNCLOS).

### GLOBAL SCIENTIFIC COLLABORATION

Fellows of the Royal Society headed by CHRIS LLEWELYN SMITH survey the changing landscape for science and innovation in the 21st century, its networks of collaboration and implications for global decision-makers in science, business, NGOs and governments for addressing ‘global challenges’ such as climate change, food security, and infectious diseases.

In their study in cooperation with Elsevier, “**Knowledge, networks and nations: global scientific collaboration in the 21st century**”, they state that international collaboration comprised of up to 35 percent of all publications in international journals and was driven by

scientists themselves in their quest to work with the best people, institutions and equipment with the R&D budget estimated at \$1.2 trillion, spanning 7 million researchers across the world.

They recommend strengthened support for international science and collaboration, development of national and international science strategies, international capacity building to ensure sharing of the benefits of scientific research and development of better indices to evaluate global science.

### BLACK TO WHITE MONEY

ZELJKO BJELAJAC of the University of Novi Sad states that the combination of over 100 tax havens worldwide, correspondent accounts that nullify the ‘Know Your Customer (KYC)’ principle and proliferation of new electronic payment systems have significantly enhanced the scale of money laundering operations by transnational organised crime syndicates.

In an analysis of contemporary money-laundering for the Research Institute for European and American Studies (RIEAS), “**Contemporary Tendencies in Money Laundering Methods**”, he draws

attention to the inherent risks of electronic payment systems such as lack of transparency, inadequate recording and alerting on suspicious transactions and hindered access to judicial authorities, that have been identified by the expert Financial Agenda Task Force (FATF).

He highlights global co-operation including universal standards for prevention of money-laundering and funding of terrorism, implementation across all jurisdictions, establishment of supervisory and internal controls, specialised education and staff training methodologies, detection and prosecution to reduce the risks arising out of money-laundering.

#### A NEW APPROACH TO NUCLEAR SPENT FUEL MANAGEMENT

CHARLES FERGUSON, CLIFFORD SINGER, JACK SPENCER and SHARON SQUASSONI state that the centralised planning approach to U.S. spent nuclear fuel management had been a glaring exception to the trend toward a market-driven energy sector and each of the three past approaches - breeding fuel, prompt burial and deep burn had failed.

In a report of the Proliferation Prevention Program of the Center for Strategic and International Studies, “U.S. Spent Nuclear Fuel: A market based solution”, they envisage a market-driven approach that would fundamentally alter the notion of spent nuclear fuel from a liability, as it currently is, to an asset, along with provisions of adequate financial incentives to states and communities hosting long-term spent fuel management facilities.

The key components of their proposal include payments into escrow funds for spent fuel management rather than to the government, reassessment of radio-isotope containment criteria, licenses for away-from-reactor storage facilities along with removal of restrictions on volumes and site duration, removal of the requirement for prompt burial, equal treatment of all states, allowing private sector multiple options on fuel storage and importing foreign spent fuel.

#### ANALYSIS OF RUSSIAN ARCTIC POLICY

ELANA WILSON ROWE of the Norwegian Institute for International Affairs, MARLENE LARUELLE at the Elliott School of International Affairs at George Washington University and DMITRY GORENBURG, editor of Russian Politics and Law analyze aspects of Russia's Arctic policy such as politics in the Russian North, demographics and the role of the Russian military in the Arctic, in a study, “**Russian Policy Options in the Arctic**” for the Russian analytical digest.

Elana Wilson Rowe provides an introduction to the politics of the Russian North, and outlines the dichotomy of an ‘open’ North with wider international co-operation and a ‘closed’ North with an emphasis on defending its national interests and authority and calls for greater attention on the overlaps and tensions between these two modes.

Marlene Laruelle reviews the Moscow's demographic challenges in the Russian Arctic and states that as it embarked on greater resource extraction in the

region, Moscow would have to address challenges to key aspects of its Russian identity in the wake of an influx of migrants from Central Asia and China.

Dmitry Gorenburg states that Russia's military and security strategy in the Arctic has shifted from unilateral military posturing to peaceful dispute resolution due to a perception of a co-operative approach as being more conducive to exploration and investment in Arctic natural resources.

#### UNLEASHING INDIA

JESSICA SEDDON of the Council on Foreign Relations states that Indian economy and the polity had built up substantial momentum albeit on a creaky infrastructure and poor services, undercutting its demographic dividend.

In an article for the Harvard International Review, “**India's Catastrophic Landscape: Fixing a flawed foundation**”, she advocates a paradigm shift from a focus on particular policy changes such as labor market reform or financial sector reform to that of political reform where focus was on revamping the state's ability as an organization to deliver on the infrastructure and services for its citizens.

She calls for three elements: clarification of roles and responsibilities and untangling of three layers of government, improvement of management information systems and setting up of systems to recruit the right people as part of a broader management overhaul of the state in response to growing disenchantment.

MEETA SENGUPTA

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# The dishonesty of opportunistic gatekeepers

*Why legalising corruption is not a good idea*



Fifth Pillar

Pervasive corruption humiliates the ordinary citizen. The recent spontaneous support to a popular civil society protest that tapped into the anger that ordinary people feel when they have to beg and plead for what should be rightfully theirs by process or turn was an eye opener for the powers that be—who may have assumed that simmering resentment can be pushed to the back burner of policy and action.

Corruption is a complex tax, levied by authority, without any legitimacy, on transactions that pass through their gates. It is the wrongful exercise of powers given to the gatekeepers, whose only job was to keep

the pathways safe, clear and efficient. By virtue of this position, they are able to charge what economists call rent.

In a way, all bribes are the price of access to authority, influence or business. Prices, are often determined by market forces—as are bribes. The corruption eco-system in many places is quite sophisticated with the elements of supply chain, price discovery mechanism, customised pricing and regional market variations all in place. Sometimes, the grey market system also works as a price equaliser across markets. A few years ago, I was surprised to discover that my ‘consultant’ in India was able to obtain a telephone

connection in a ‘technically infeasible’ area within a day (these were the days before mobiles and private providers) and the fees for such services were almost exactly the same that I legitimately paid British Telecom for a new connection in the United Kingdom at the same time. On asking friends across three or four other countries, the price of a new telephone connection came to about the same. Here, of course, I am assuming that either my consultant paid a fee that greased the supply chain, or was it that the fee was for his expertise in knowing the process and being able to navigate it efficiently.

## *Raising the risks for the bribe takers in a system may raise the risk premium and therefore the size of the bribe.*

In either case, the local market mechanism had discovered a price that proved as accurate as the *Economist*’s price and currency indices based on the McDonald’s burger. Casting the moral argument aside for a moment, which is equally valid, the question is: Is bribery a fair market price for services provided and should it not be accorded the same legitimacy as any other free market mechanism? It does perform the same functions that any price does—that of information, regulation of demand and feeding the supply chain. So, could corruption be legitimate?

No, never. For two simple reasons that stand out amongst many. First, it is inequitable. It is a greater burden on the poor, the disadvantaged or even those who live at a greater distance from the centre of power. Second, it is the price set on an artificial construct—the regulator. Bribes are not paid for free market goods. They are the price for navigating the bureaucratic jungle, the price paid to the gatekeeper. The gates—the regulations, the paperwork, the clearances—are not part of free market processes and have been imposed by the powers of the day.

While I accept that some degree of regulation and control is the function of governments, especially as they seek to direct action and investment towards long term goals, the existence of a bribing culture should be a warning signal that such long term imperatives are being ignored, as the gate opens to locally provided grease. The existence of bribery indicates that either government systems are too complex to traverse by legitimate paths, or, the general public is not convinced of the worth of these long term goals that the regulations seek to protect, or, that the gatekeepers are opportunistically dishonest.

Among the responses from our policymakers comes a very interesting approach to solving the problem using game theory mechanics. Kaushik Basu, chief economic advisor to the Indian government, proposes a unique micro-economist’s solution to the third issue—the dishonesty of opportunistic gatekeepers. Under current regulations, both the bribe taker and the bribe giver are equally culpable, thus their interests are aligned. The proposed solution seeks to break this unholy alliance and puts all the penalties on the bribe taker. In fact, the bribe giver can get a full refund on the bribe paid if he blows the whistle on the transaction.

The paper has much merit, though intended to be merely academic. Firstly, of course it has spawned debate at intellectual and policy levels that the groundswell of protest action was unable to do. It also asserts the responsibility of government departments to be fearless and pro-active thought leaders. And yet, in parts, it disappoints (or holds out hope for more work that will follow), for it only looks at the act of bribery as a one-to-one transaction. When we include the possibility that there can be cartels and groups, indeed even a monopoly of rent seekers, then the power balance shifts totally in one direction rendering the proposed legislative change toothless.

Again, from a game theoretic point of view, the solution would have been absolutely brilliant, if every transaction and business relationship was independent of others. Yet, life, taxes and business are not independent transactions.

By raising the stakes for the bribe takers, who are already in positions of power, the game is raised. Once the bribe giver has either refused to pay a bribe or sought penalty for such an act, his rating as a counterparty drops. For any future transactions with the rent seeking gatekeepers, the whistleblower is seen as a high risk counterparty. It may be so that the counterparty risk becomes so high that one may need a 'guarantor', a paid service, in addition to the bribe. This flaw arises only because most of us have to deal with authority on a regular basis—from our annual tax returns, to clearances for businesses we want to run. By raising the risks for the bribe takers in a system that is sadly well entrenched, we may be raising the risk premium and therefore the price (bribe) of each transaction.

In some ways, the proposal also creates a weapon against those in positions of government authority, whether honest or not. Once accused of receiving a bribe, proven by unrequited receipts from planted sources, the penalties and ignominy is severe, and one sided. This lends itself to risk free entrapment schemes for the ill-intentioned. In itself, this is dangerous for it puts honest officers at greater risk than they ever were before.

The solution to corruption may well lie in such legislation, well debated and crafted. But it will never be the whole solution. Solutions lie in reducing the power and legitimacy of corruptible gatekeepers, in creating simpler pathways through bureaucratic jungles and in seeking true commitment to the greater goals that the regulations seek to achieve.

#### **What nuclear no first use tells us: Continued from Page 20**

determined the nuclear policy. In China since NFU was embraced by Mao Zedong in 1964, People's Liberation Army (PLA) twice (2005 & 2011) made public attempts to move China's policy to first use, which was thwarted by the Communist party leadership.

In the case of Pakistan it is evident that nuclear weapons policy is controlled by the army. The civilian-democratic façade had no role to play in determining the nuclear policy. If the army

gives the right to govern to political parties, they might move to assert by embracing NFU. President Asif Zardari's statement, in early 2008, is a case in point. Initially in the United States, under the Truman administration nuclear weapons were controlled by Atomic Energy Commission. President Dwight Eisenhower's transfer of control over nuclear weapons to the military establishment increased its voice against the NFU.

SIDIN VADUKUT

Sidin Vadukut is a columnist at Mint

# The better tomorrow?

*The young and the ugly*



Mr Malique

Over a decade ago, when I was still working in a factory in Chennai making automotive parts, a team of Japanese hibakusha—atomic bomb survivors—came to Chennai. I do not remember now if they had come to India to mark an occasion of some kind. More likely that they were a team of anti-nuclear activists who were going around the world trying to tell anyone who would listen to them—teenagers, school children, people in a shopping mall—that nuclear weapons were not the solution but the problem. My memories of the general details are somewhat hazy. But I remember thinking at the time that their strategy was sound.

There was no point telling adults with their ossified world view that nuclear weapons had to be abolished. They would never listen as long as they had certain inviolate justifications deeply ingrained in their minds. So why not start with the kids? Why not fill those blank slates

with some good common sense and hope they remember when they grow up and perhaps reach a position of power or authority. What if one of those Chennai kids became someone powerful like the president of the Congress Party, a yoga guru or the Lok Pal? Maybe this seed of an idea of a nuclear-free world might take root.

One of the stops on the hibakusha road show was a primary school somewhere in Chennai. And there was an interesting report on this trip in the weekend supplement of the *Indian Express* or the *Hindu*. (I don't remember if there were many 7-letter words or not.)

After a presentation on the bombs that fell on Hiroshima and Nagasaki, they asked the kids if the world needed any nuclear weapons. The kids enthusiastically denounced the idea. Then they asked the kids if we should use them in any circumstance? Of course not, the kids said, not this horrible thing. Not in any situation.

What about Pakistan? asked one of the hibakusha.

“Oh, Pakistan is a special case,” said the primary school children. We can use nuclear weapons on them.

For many years I used to retell that story to friends and family. Usually during Indo-Pak cricket matches or some other situation when the flag-waving jingoism seemed particularly meaningless. How funny, I used to say, that we indoctrinate our young so early.

But in time I have begun to realise that the incident is neither rare, limited to little children nor even particularly funny.

Over the past few years, as I have spent increasing amounts of time on internet forums, social networks and as a journalist whose work is primarily read on the web. A large part of my work involves poking fun at people and institutions. Upset readers and inflamed comments come with the territory. There is almost no topic in India that you can make fun without leaving someone in some remote emotional or geographical corner of the country enraged.

Go ahead. Try.

So much so that every day we find new reasons to push the scope of humour deeper and deeper into a dull, xenophobic corner that thrives on stereotypes.

(Except maybe Pakistan. Pakistan is open season every season.)

This does not worry me in general. After all, the history of human civilisation is usually one of a reviled few trying to somehow control or redirect the madness of the many.

But what does upset me is the relentless, deep hatred that I see in the educated, cosmopolitan young. Take any contemporary issue that has excited young people recently.

The recent Lok Pal bill comes to mind. At one point it was impossible to criticise the bill in a column or even a social network update without receiving a barrage of—there is no other way to put it—hate. If you disagree with Mr Hazare then this clearly means that you are a stooge of the Congress who is being paid by the Italian empress of the nation.

It was inconceivable for many people that you

could be anti-corruption and anti-Lok Pal.

But look at their profile pictures. Look at their professions. Read their blogs. See what else they talk about. These are young people. Some of them are still in college. Presumably they are literate enough to read and intelligent enough to think.

Yet they are incapable of disagreeing gracefully.

## *Look at the hate on our social networks, websites or under our newspaper columns.*

They are incapable of reconciling with the fact that another person can have a different set of priorities. You are either with these people. Or you are against them.

Take the example of MF Husain. When the painter passed away recently *Rediff* carried a series of articles and retrospectives on him.

The comments sections on *Rediff*'s articles are notorious for the sheer hatred and polarity that resides there. These are not people that disagree with each other. They hate each other.

After Mr Husain's death the comments section did not disappoint. To one commenter's request for his remains to be brought back to India, another's response was: “Those who claim there was nothing in his painting should consider getting nude paintings of their mother and displaying it in public.” (The typo on ‘mother’ presumably to avoid *Rediff*'s spam detector.)

One of the constants of human existence is the belief that each generation will somehow make things better than the previous one. It seems a central notion to our species that the youth and children of today will take the decisions, make the compromises and ask the questions that their parents and grandparents could not because of their technological, political, cultural or social myopia and illiberalism.

This is why we are fascinated by the Nazis, the Khmer Rouge, the Spanish Inquisition or the

**Continued on Page 40**

AMOL AGRAWAL

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# Pareto

*Economics in small doses*

## EVIDENCE FOR GREENSPAN (NOW BERNANKE) PUT?

Post 2007 crash, we saw Alan Greenspan descend from being the world's best central banker to being perhaps one of the worst. If Liaquat Ahmed were to do a sequel of the *Lords of Finance*, it would surely feature how Greenspan got it so wrong.

Swiss National Bank economist PAMELA HALL looks at another legacy of Greenspan (Is there any evidence of a Greenspan put? SNB WP 2011-6). Based on Greenspan ideology, Fed did not intervene during asset bubble build up, but intervenes aggressively when the bubble bursts. Markets call it the Greenspan Put as Fed will always cut rates when there is a financial problem.

Hall looks at whether Greenspan Put is empirically valid. She argues that there is evidence of this Put option and markets are right in believing that Fed will bail it out each time they land in trouble. She looks at Fed policy in the last 20 years and finds this evidence is consistent in each bubble burst since 1987, when Greenspan managed his

first crisis.

Thanks to the Greenspan force, this ideology became mainstream and we now have Bernanke Put, Trichet Put and King Put as well. This obviously has dangerous ramifications as players can keep piling on the risks assuming central banks will take care of them in case of a fallout.

## HOW VERNON SMITH HAS HELPED US UNDERSTAND ADAM SMITH BETTER

MARIA PIA PAGANELLI of Yeshiva University in a paper (*The Same Face of the Two Smiths: Adam Smith and Vernon Smith*) connects the two Smiths.

She asserts that most economics is based on rationality and self-interest. However this is not always the case as we see humans valuing cooperation and fairness tool. Adam Smith's *The Theory of Moral Sentiments* was based on these ideas. Smith said that there are other things that the humans value—sympathy, and an innate desire to be both praised and praiseworthy.

Vernon Smith took these ideas forward and demonstrated via experiments all around the

world that people did value cooperation and fair-play, and were sympathetic to others. This led to people either monitoring and giving punishment for non-cooperative behaviors or following internalised rules of conduct that promote fair and cooperative behaviors. For instance, using undergraduate subjects from the University of Arizona, even with double blind procedures, 29 per cent of second movers choose \$25 for self and \$15 for other, over \$40 for self and \$0 for other, after the first movers have forgone \$10 for self and \$10 for other. Additionally, cooperation and fairness are also observable in many foraging societies across the globe, although in different forms from the ones observed in industrialised countries.

## GULF COUNTRIES IMPLEMENTING A MONETARY UNION – LESSONS FOM EURO

It is ironical that Gulf economies are opting for a monetary union when the Euro experiment has turned sour. In December 2009, Saudi Arabia, Kuwait, Bahrain and Qatar decided to form a monetary union, followed by Oman and

the UAE. UAE has reservations over choice of Riyadh as the base for the new central bank and Oman could not meet the union's prerequisites.

JOHN WHITTAKER of Lancaster University looks at this new union and points to lessons from Euro (*The Gulf Currency: Lessons from the Euro*). He points GMU would be much smaller than EMU and barring Bahrain, have fiscal and current account surpluses. But then this is mainly because of oil resources. Again like the Euro, there are major political reasons for GMU to succeed. In EMU Germany is the centre and GMU it is going to be Saudi.

The author then looks at how the transition would be made and debates whether the common currency should be pegged or allowed to float. He says it should move towards free float to give credibility to the new arrangement.

This will be an interesting experiment for sure. The linkage of this union to world oil markets is going to be significant. Any problems in former could lead to problems in latter.

### IS NEW ECONOMIC GEOGRAPHY (OR KRUGMAN) RIGHT?

In his New Economic Geography (NEG) theory, Paul Krugman showed how economies of scale along with falling transportation costs can trigger a self-reinforcing process whereby a growing urban population gives rise to more large-scale production, higher real wages and a more diversified supply of goods.

JESSIE HANDBURY and DAVID WEINSTEIN of Columbia University explore the idea whether large cities lead to lower prices and more varieties (*Is New Economic Geography Right? Evidence from Price Data*).

The paper says that both NEG and Krugman are right. Larger cities lead to lower costs and more varieties. For example, residents of New York (population 9.3 million) can choose between 97,000 different types of groceries, whereas residents of Des Moines (population 456,000) only have access to 32,000 varieties. Further, a household that moved from Des Moines to New York and purchased goods from the same type of stores in the same types of neighborhoods in the two cities would realise a 9 percent drop in the overall cost of its grocery purchases.

One often cribs how costly India's metros are compared to other towns. The above paper turns the whole thing upside down. Surely one gets more varieties in metros compared to smaller cities. Would adjusting for this high variety lead to lower grocery inflation in India's metros as well?



BARUN S MITRA

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# Ushering real change in West Bengal

*Mamata Banerjee's opportunity*

Janet and Phil

**M**amata Banerjee, West Bengal's new chief minister, has set very clear timeline, for the first 100, 200 and 1000 days. At the very least this has provided a benchmark to hold her government to account. More importantly, this may provide additional impetus to the new government to think out of the box, and try to meet the people's expectations.

True to her style, Ms Banerjee has set a frantic pace for herself, holding innumerable meetings and making surprise visits to hospitals and other public spots, firing off instant orders, cajoling the government staff to serve the people better.

While her intentions are clear, there is a limit to the number of places she can visit,

and the number of orders she can issue, given the enormity of the tasks before her, after defeating the Marxist-led Left Front government that had been in power for nearly three and a half decades.

Mamata Banerjee's electoral achievement, in the 2011 election, is historic. The expectations are running very high, carrying with it the seeds of possible sense of disappointment. If a sense of purpose and performance do not become evident, people's support could easily turn in to ire and anger.

Just five years ago, Buddhadeb Bhattacharjee had led the Left Front to a resounding reelection victory, winning over 230 out of the 294 seats, riding on the promise of Brand Buddha, of industrial revival and economic

opportunities. But within a couple of years the brand had begun to lose its shine as the protests against land forcible acquisition built up. The violent response from the police and the cadres of the CPI(M), shocked most people, rural as well as urban population. Suddenly the protests against land acquisition had turned in to a wider issue of dignity and justice, touching millions, ultimately bringing down the mighty Left Front at the hustings.

This time, Ms Banerjee has provided an inspiring vision, reviving the place of Bengal in the Indian rubric. She has promised to bring peace and prosperity, to reinvigorate agriculture and industry, to turn Kolkata into London, Darjeeling into Switzerland, and to build on Bengal's rich cultural and intellectual heritage.

But political rhetoric is no substitute for political performance, which alone can help sustain the credibility of the symbolic gestures. Ms Banerjee's political capital may deplete quickly unless she can find ways to improve the performance of her government in a very visible form and in a relatively short time.

### **Depoliticisation of administration**

Politicisation of the administrative machinery, including the police force, has been a big issue in Bengal for quite some time. There have been allegations of the administration being infiltrated by CPI(M) cadres, and that they worked only as per the direction of the party leadership at different levels. This can be changed relatively easily. A political decision needs to be taken that political intervention in the basic police function will not be tolerated. Once the message permeates out to the rank and file of the police force, those who had earlier politically compromised themselves will either get isolated within or have to change to their approach.

With her resounding message of change, it is reasonable to believe that there will be significant sections of people in all organisations, including the police and the administration, who, given the political lead towards performance and professionalism, will soon be able to bring about the necessary

changes and show results. It is these professional and dedicated police personnel who need to be assured that they should act without political consideration, and that they will not be penalised if they act impartially and professionally.

### **Recognising land rights**

However, the first cabinet decision was to return 400 acres of land in Singur to the families who were reluctant give their land for the Tata Nano project. The Trinamool Congress is also against forcible acquisition of land. Recognising and protecting land rights is only the first critical step towards substantively changing the land laws. The land rights need to be converted in to clear title. The title needs to be easily tradeable, so that the owner is in a position to maximise the value of the property. But the value of the property is dependent primarily on what use it can be legally put to: agriculture, residential or commercial.

This will require a reform in the zoning laws as well. West Bengal hosts a huge number of small businesses and workshops, a very large number of them in the informal sector. These provide the bulk of employment opportunities to people. Legalising these properties would open up huge potential for investment, opening enormous economic and employment opportunities. Recognising land rights, documenting land ownership, facilitating land transactions, freeing up land use, will greatly help in diffusing the unnecessary conflict between agriculture and industry.

### **Devolving political power**

Ms Banerjee has also promised to take substantive steps to tackle two hotspots in the state: the Maoists in the Jangalmahal areas in the west, and the Gorkha agitation in Darjeeling. She wants to engage in a dialogue, and holds the promise of a special development package to people in these areas.

But anyone who has followed various insurgency and separatist movements in different parts of the country knows that throwing money to buy peace rarely works. What is needed is a genuine political

empowerment at the grassroots.

Perhaps it is not a coincidence that she dreamt of turning the hills of Darjeeling in to Switzerland. But Switzerland not only offers scenic beauty and modern living, but also provides the most vigorous example of bottom-up democracy. The Swiss have a federal model where most of the powers are held at the local and cantonal level, and the national authorities are largely dependent on what flows from the lower and local levels of the community to the top. Unlike most of Europe, this bottom-up participatory democracy in Switzerland has been able to nurture a country out of the linguistic, religious and ethnic diversities. The peace and prosperity in Switzerland is a consequence of its truly devolved federal polity.

## *The land rights need to be converted in to clear title and the title needs to be easily tradeable.*

The Left Front heralded the panchayat system in rural Bengal as a means to help the party control the population. Ms Banerjee has to make the panchayat truly represent the people, rather than any political party. She does not have the elaborate party structure of the CPI(M), but carries with her enormous goodwill of a large section of the population at the grassroots. In such an environment, she could stimulate bottom-up democracy to allow people to participate in governance at the local level. These would on the one hand legitimise the institutions of government, and on the other reduce fiscal stress.

The new government has promised to develop economic clusters to promote opportunities for development and growth. But historically, clusters have evolved locally out of necessity when the economic environment allowed it to grow. Devolving decision making to municipalities, wards and panchayats, and removing zoning restrictions, economic clusters would grow on its own without any state assistance.

## **Politics of performance**

The economic stagnation coupled with political arrogance on display during the three decades of Left Front rule in Bengal, was not just a failure of the leadership, but a consequence of the communist ideology: economic scarcity, perpetuation of poverty and institutionalisation of fear in an attempt to keep a lid on the aspirations of the people. These characteristics are the hallmark of all communist countries in the world. Only in Bengal, this was legitimised through successive electoral victories.

But in a democratic polity, ideological purity is not a virtue if it adversely affects political performance. Once the prevailing sense of injustice reached a critical mass in the aftermath of the violence in Singur and Nandigram, politics of fear was no longer sufficient to keep the CPI(M)'s hold on power. Ms Banerjee seized on this sense of injustice, and found the opportunity to revive her political career, emerging as a credible alternative to the Left Front.

Ms Banerjee has been the first one to acknowledge the need for performance. She would do well not to get bogged down by any political ideology that may adversely affect the performance of her government. That would open a whole range of policy options for her to try out from, in search of ways to improve the performance of her government. Today, only she can unlock the unlimited potential for change.

Whether Mamata Banerjee's government is able to bring about the change she has promised only time will tell. But one change that has already taken place—citizens of West Bengal are much more politically empowered, having brought about this dramatic change in their political space. The voters may cherish their new found political voice, and could be ready to change again if Mamata Banerjee's government fails to live up to their expectations.

The politician in Ms Banerjee will be the first one to recognise the value of political capital. The political entrepreneur in her should seize the small window of opportunity and lay the foundation for fundamental change, take the small but immediate steps towards a new West Bengal.

## MR MADHAVAN

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# In Parliament

## *Regarding privacy*

The Supreme Court has included the right to privacy as an inherent part of the right to life guaranteed by Article 21 of the Constitution. Several recent actions and proposals have implications for this “right”.

In a ruling in 1996 related to telephone tapping, the Supreme Court laid out that any interception of phone conversations would be an infringement of the right to life and the right to free speech, unless it is permitted by procedure established by law. It clarified that the Telegraph Act permitted telephone interception only in the case of “occurrence of any public emergency” or “interest of public safety”. [It has also ruled (in a 1976 judgement) that public emergency is a situation which raises problems concerning the interest of public safety, the sovereignty and integrity of India, the security of the State, friendly relations with sovereign States or public order or the prevention of incitement to the commission of an offence.] The government has issued guidelines that require each case of telephone tapping to be authorised by the union or state home secretary, prescribed time limits for surveillance and a mechanism for periodic review. In a press release issued this April, the government has clarified that telephones cannot be tapped to detect economic offences such as tax evasion.

There are five recent events that have implications for an individual’s right to privacy. These include Rules notified by the government; requirements for mobile telecom equipment; a Bill in Parliament; and two draft Bills. We discuss these below.

### **The Information Technology Rules, 2011**

The Information Technology Rules, 2011 were discussed in detail in the last issue of Pragati. Two of these rules have provisions that may violate the privacy of individuals.

The Information Technology Act provides that any entity that deals with “sensitive personal data and information” is required to implement “reasonable security practices” to safeguard the data. Any entity that fails to do so is liable to compensate the owner of the data for any consequent loss. The Act delegates the power to define these two terms to the central government through Rules. The Rules issued in April define sensitive information to include biometrics, financial data, health records etc. They also prohibit the sharing of such data with a third party without the consent of the owner. However, they require the holder of the data to provide access to any government agency for the purpose of investigation, prevention, prosecution or punishment of an offence. The government agency has to give a written request. The usual safeguards (such as a search warrant signed by a magistrate) are not required.

The Cybercafé Rules require every cybercafé to maintain a register of all users, their addresses and copies of their photo identities. The cybercafés may also take a photo using a webcam and store that. They are also required to keep a log of all websites that are accessed. The Rules also have requirements relating to the layout of the cybercafe, with the objective that the computer screen should be visible from common areas. All these provisions prevent

confidential communication and deter use of the internet from cybercafés. To take an example, any person using a cybercafé for net-banking runs the risk of his account details being seen by others.

### **Location Information from Mobile Phones**

The Cellular Operators Association of India has reported that the new Equipment Security Agreement requires certain standards to be maintained. By June 2012, the operators should be able to maintain location to an accuracy of 50 metres for customers specified by security agencies. By June 2014, they should implement this facility to cover all customers, regardless of whether they are identified for legal interception. This implies that the movement of every person carrying a mobile phone in India will be tracked.

### **The National Identification Authority of India Bill, 2010**

The Bill establishes an authority to implement the unique identification number (UID) project. It requires all the information related to any person (including biometric, demographic and authentication requests) to be kept confidential and prescribes penalties for sharing of the information without consent of the individual. However, it permits the information to be accessed without consent under two conditions. First, a court may order that it be made available. Second, in cases related to national security, any authorised officer of the rank of Joint Secretary in the central government may ask for the information.

### **The draft Lok Pal Bill**

The Jan Lok Pal Bill drafted by Anna Hazare's nominees in the joint drafting committee provides the Lok Pal with the power to authorise interception of telephone and internet communication. This power is currently provided to only 29 officers: home secretaries of the central and state government. Interestingly, the

government's version of the Lok Pal Bill does not have this provision.

### **The draft Prevention of Communal and Targeted Violence Bill**

The National Advisory Council has drafted a Bill addressing the issue of violence targeted against groups of people. This Bill specifies that the central or state government may intercept messages in the interest of prevention or control of organised communal and targeted violence. The interception may be sanctioned on the occurrence of any offence under the Bill or on the threat or apprehension of the occurrence of any such offence. The Rules and safeguards under the Telegraph Act are required to be followed. Given that the Telegraph Act permits interception in the interest of "public safety", it is not clear why a specific provision is required unless the definition of "public safety" is being expanded.

### **Conclusion**

The Indian Constitution recognises the tension between individual liberty and wider public safety. It specifies certain fundamental rights that protect people from possible excesses of the State. It also provides exceptional circumstances when these rights may be overruled. The Supreme Court has also finessed these issues through several cases. These include issues related to privacy, and the conditions that would justify the supercession of these rights.

The government is in the process of drafting a new Privacy Bill. After that Bill is published, it needs to be discussed widely both within and outside Parliament. Once a consensus is reached on the special circumstances when privacy may be legally overruled, all other laws need to be aligned.

We have discussed five recent cases in which privacy rights are being trumped by issues that are ostensibly of higher public interest. It is important for citizens and civil society to be vigilant on moves that may abridge their rights, even in cases when such proposals originate from civil society activists.

**ARUN PRAKASH**

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# Kargil and its lessons

*What India, Pakistan and the United States learnt from the near war in 1999...and what they didn't.*

To its eternal credit, the government of the day constituted, within a week of conflict termination in the Kargil heights in July 1999, a Committee, under the chairmanship of the redoubtable K Subrahmanyam to look into this episode. Unprecedentedly, by early 2000 the Kargil Review Committee

Report had been tabled in Parliament, albeit with some security deletions. Six years later, Generals VP Malik and Pervez Musharraf, the Army Chiefs of the two belligerents, published books which contained detailed accounts of the Kargil conflict, and provided clarifications on several issues of contention. However, these as well as other narratives reflect a degree of bias, no matter how unintended, simply because they can offer only one side of the story.

Now, a decade after the Kargil War, we have a compendium of essays, entitled *Asymmetric Warfare in South Asia*, which constitutes an objective and comprehensive appraisal and provides a unique 360 degree portrayal of the traumatic event. The volume, edited by Peter Lavoy, currently a deputy director of US National Intelligence, contains 15 well-researched and thoughtful articles written singly as well as jointly by a team of 17 analysts; mainly academics and journalists, leavened with a sprinkling of former soldiers.

Asymmetric Warfare in South Asia  
Peter R Lavoy (Ed.)  
Cambridge University Press, 2009,  
407 pages

Mr Lavoy, a South Asia and counter-proliferation pundit himself, has used his deft editorial pen to synthesise the writings of an eclectic mix of American, Indian and Pakistani experts. The volume goes to the heart of several conundrums embedded in this brief but sanguinary conflict and, in the words of its editor,

by diligent research, fieldwork, and analysis overcomes, "...implausible stories, gaps in evidence and contradictory interpretations". While this unique format makes for an intellectually stimulating smorgasbord, it is slightly marred by many authors often having to cover the same ground.

The sharp attention that the Kargil conflict drew from the US administration, and the extraordinary lengths that President Bill Clinton went to, in order to ensure a swift disengagement of forces, was a clear indicator of the deep concern that the Western world felt about the ongoing India-Pakistan conflict. The anxiety was understandable; because barely 12 months earlier, both nations had brought their nuclear weapons out of the closet. Whether they actually had the wherewithal and capability to deliver these weapons and whether the spectre of nuclear war did, in fact, loom over Kargil in the summer of 1999 remains a matter for speculation, although Lavoy, *et al* seem to take it as a given.

As in most other spheres, Western analysts tend to evaluate subcontinental developments in the security arena against known and familiar templates, and this study is no different. The theory of nuclear revolution, as Mr Lavoy points out, holds that states armed with nuclear wars should not fight conventional wars with each other. Yet, Pakistan defied this logic by launching a dangerous incursion into Indian territory, and India challenged it further by mounting a fierce, albeit localised, counter-attack.

## *The Pakistani Army has consistently underestimated India's responses to its transgressions, and overestimated international sympathy for its actions.*

While analysing the Kargil conflict, the Cuban missiles crisis of 1962 keeps cropping up as a familiar benchmark to weigh the actions and reactions of the *dramatis personae* in the two crises because the protagonists happened to be nuclear armed. Unfortunately, subcontinental mores, culture and thought-processes do not always lend themselves to conventional interpretations that are familiar to the Western intellect. To compare the negotiations and strategic signalling undertaken by the Kennedy-Khrushchev dyad during October 1962, given the worldwide implications of the US-Soviet confrontation, with the kind of diplomatic manoeuvring or back-channel communication that Prime Ministers Atal Behari Vajpayee and Nawaz Sharif resorted to in 1999, with the narrow aim of disengagement, may be of limited utility. Taken beyond a point, it may even lead to flawed deductions.

This study, which declares that it presents the “causes, conduct and consequences” of the Kargil conflict, is the product of six years of rigorous research and analysis, as well as conscientious examination of many primary

sources; especially, in Pakistan. The end result is an account of the conflict, which is as wide-ranging as it is deep in its treatment of the rationales, the prelude, the events, the decision-making, and the aftermath of this “near war” (it fails to meet the classical definition of ‘war’, which requires at least 1,000 battlefield casualties). This volume contains much to ponder and reflect upon, for an Indian; no matter what his or her calling.

Firstly, it enables the reader to view the continuum of India-Pakistan relationship, since partition, through a grand strategic lens. This is a historical perspective that the Indian security elite has largely missed out and, therefore, we have found ourselves repeatedly surprised by Pakistani actions; militarily, by the 1947, 1965, and 1999 incursions and, politically, by the Punjab and Kashmir insurrections. Indians need to acquire a comprehensive insight into the Pakistani mindset if they seek to decipher the basis of Pakistan’s perception of an everlasting “existential threat” from India, and its visceral hostility towards its eastern neighbour. The Kargil episode was merely the latest (but certainly not the last) manifestation of this syndrome.

As Feroze Hassan Khan, Lavoy and Clary point out in an early chapter, certain delusions have become articles of faith in Pakistan. Most Pakistanis are of the belief that the outcome of partition was neither fair nor just, and that the Indian status quo in Kashmir remains illegitimate. Having annexed Junagarh and Hyderabad by force (or through “police action”) on the grounds of contiguity and a Hindu majority population, India ‘dupliciously’ applied a different yardstick to enforce accession, into India, of Muslim majority Jammu & Kashmir. Pakistanis further believe that Hindus have long oppressed the Kashmiri Muslims and denied them the right of self-determination through a United Nations-mandated plebiscite. Facing a more prosperous and militarily more powerful India, most Pakistanis feel helpless and frustrated at their inability to redress this huge asymmetry. They are then suffused by a sense of moral righteousness which justifies,

in their minds, the use of any means to cut India down to Pakistan's size and to wrest Kashmir from 'iniquitous' Indian rule. Their many failed attempts have only served to create a "history of grievances", point out the authors.

The invasion of Kashmir in 1947 by rapacious tribal *lashkars*, and the 1965 military adventure were both abortive, and failed to achieve Pakistani objectives. In 1971, the crass stupidity and myopia of Pakistani politicians, coupled with the brutal army crackdown on their Bengali compatriots resulted in a mass exodus from East Pakistan and provided India a handle for intervention. The consequent bifurcation of their country convinced the mistrustful Pakistanis that India remained implacably opposed to the creation of their homeland. Then, 13 years later, the Indian Army's occupation of the Siachen glacier confirmed, in their minds, that India would seek to exploit every Pakistani vulnerability. Their military planners, too, sought chinks in India's armour; and thought they had found one in Kargil.

On the Indian side, a proper post-mortem was conducted soon after the end of the conflict by the Kargil Review Committee, whose findings dwelt at length on the intelligence and other failures that led to our forces being caught by total surprise. The Committee, in turn, led to the constitution of a Group of Ministers, which recommended important policy initiatives, in the field of national security, for implementation by the government. Pakistan, on the other hand, according to Hasan-Askari Rizvi, has always had difficulty learning from its past military failures, but the process of introspection over Kargil seems to have been particularly tortuous and problematic. A common refrain that runs right through the pages of this study is the Pakistani Army's underestimation of India's responses to their transgressions, and overestimation of international sympathy for their own actions. This flawed logic is incomprehensible to Indians who have seen periodic replays of Pakistani belligerence with consistently futile conclusions. Perhaps the post-nuclearisation "stability-instability paradox" thesis, advanced by many authors in

this volume, may serve to put a better gloss on this kind of behaviour.

In 1947, Pakistani planners did not anticipate the intense Indian military response to the marauding tribal *lashkars* in Jammu & Kashmir. In 1965, the Pakistan military based their complete planning on the dubious premise that the Kashmiri population would rise in revolt and support the Pakistani invaders, and were surprised by the robust Indian response across the international boundary. In 1999, the Pakistan Army considered the intrusions in Kargil heights merely a *quid pro quo* for the Indian artillery shelling of Neelum Valley in Pakistan-occupied Kashmir, and its 1984 occupation of the Siachen glacier. Therefore they neither expected the kind of international attention that it got, nor the Indian 'over-reaction' that it provoked.

This sequence of 'miscalculations' has been examined by various authors in this anthology, and provides another, very useful, insight into the Pakistan Army's attitude and approach towards operational planning.

The planning for the 1947 assault on Jammu & Kashmir was apparently done by Major General Akbar Khan of the Pakistan Army, who wrote out a paper titled "Armed Revolt in Kashmir" to be executed by a serving Colonel who led the "Azad Kashmir" forces. Zafar Iqbal Cheema informs us that operational planning in 1965 was confined to a "handful of individuals", as President Ayub Khan established a secret Kashmir cell, headed by Aziz Ahmed, a career diplomat, to plan insurgency in Kashmir. In the summer of 1965, Ayub, Zulfiqar Ali Bhutto, Ahmed and the General Officer Commanding of the 12 Infantry Division met in the hill station of Murree to approve Operations Gibraltar and Grand Slam with the aim of fomenting an uprising and then cutting off Kashmir from India. Both flopped due to India's unexpected response.

Exactly how the planning for the Kargil operation unfolded, say James Wirtz and Surinder Rana, remains somewhat obscure. The initial planning in Pakistan seems to have been confined to the General Officer

Commanding of the 10 Corps, Force Commander Northern Areas, the Chief of General Staff and the Chief of Army Staff; hardly a “dream team” for the kind of meticulous and detailed staff-work required to evolve a watertight operational plan. It excluded not just the Foreign Office and the Pakistan Navy and Air Force, but also the Director-General Military Operations and Director-General Inter-Services Intelligence.

## *States not only should muster the resources needed to protect their interests, but must also trim their interests to fit their resources*

Strangely enough, each successive military failure seems to have reinforced the Pakistan Army’s sense of grievance that either the Indians have somehow “played unfair” by not reacting according to their script, or that they have been ‘betrayed’ by their politicians. For an Indian military professional, this baffling reaction provides an interesting insight into the Pakistani mind.

For many years after partition, Pakistan’s military adventures were predicated on the strange assumption that one Pakistani soldier was the equivalent of 4-10 Hindu combatants. This mindset is illustrated by Hasan-Askari Rizvi who quotes a directive from President Ayub Khan to the Commander-in-Chief of the Pakistan Army in August 1965: “As a general rule, Hindu morale would not stand for more than a couple of hard blows delivered at the right time and place. Such opportunities should, therefore, be sought and exploited”. However, this does not provide a sufficient rationale for the reckless Pakistani thought-processes or their botched planning that has continued over six decades.

Captains and Majors, in all armies, are taught the art of tactical-planning and employment of forces, by Staff Colleges, using a tool

known as “Appreciation of the Situation” or “Commander’s Estimate of the Situation”. This is a logical methodology of reasoning, by which a commander considers all the circumstances affecting a given military situation and arrives at a decision as to the best course of action for accomplishment of the mission. This rigorous process requires a host of factors to be examined, and either rejected or taken into account. Of these, the most crucial factor is termed the “Enemy’s Courses of Action”, wherein the planner attempts to visualise every possible option open to the enemy, and how each would impact on one’s own selected course of action.

A major advantage of this rigorous process is that it minimises the chances of being surprised by an unexpected enemy riposte. While there is no doubt that generations of bright young Pakistani staff officers must have learnt this planning process at the Quetta Command and Staff Course, the question that hangs in the air is: why do they not use it when they attain positions in the General Staff? Why is it that their planning process in 1947, 1965 and 1999 seems to have gone only up to a certain point and then abruptly collapsed without taking full account of the options available to the enemy; especially, the worst case scenarios?

The most frequently used term in this book is “fait accompli”. The context is best illustrated by Mr Lavoy as he describes Pakistan’s fervent hope that once the Northern Light Infantry occupied the Kargil heights overlooking India’s National Highway 1A, the combination of surprise, superior terrain, and a denial and deception strategy would inhibit India from dislodging the intruders before onset of winter; thereby achieving a military fait accompli.

“How could they not anticipate” asks General Ved Prakash Malik, pertinently, in his book, “that we would view this action as strategic in nature and respond accordingly?” Is India then faced with an adversary whose operational planning is circumscribed by the wishful thinking of an intellectually mediocre and reckless military leadership? Are Pakistani military decisions buttressed,

not by cold logic but, by the “hope like hell” factor? It is a chilling thought for an Indian that this adversary possesses a growing nuclear arsenal, and has arrogated, to itself, the right to escalate from conventional to nuclear conflict when things are not going right.

The international community, in fact, saw the Kargil conflict exclusively through the prism of the 1998 nuclear tests, because they desperately sought empirical data to prove or demolish theories about the behaviour of nuclear weapon states under crises. And that, really, is the *raison d'être* of the book under review.

So, how close did India and Pakistan come to nuclear war during the Kargil conflict? Not very close; if one is to believe General Pervez Musharraf: “...in 1999 our nuclear capability was not yet operational. Merely exploding a bomb does not mean that you are operationally capable of deploying a nuclear force in the field...”.

I entered India’s nuclear establishment, as Chairman of the Chiefs of Staff Committee, a few years after Kargil and can now say, that a mere 12 months after proving their nuclear devices in a controlled environment, neither India nor Pakistan (in spite of having received proven Chinese devices) could have had the doctrinal clarity, necessary infrastructure, command and control facilities or indeed adequate trained personnel to actually employ their nuclear weapons under operational conditions. More so because hovering close to the nuclear threshold for strike, compellence or even deterrence is not just a question of assembling or dropping one or two bombs. The political establishment, the armed forces and the country must be prepared to go the whole hog.

Thus, as Timothy Hoyt points out, while some politicians on both sides may have indulged in nuclear rhetoric, nuclear weapons were not actually deployed in 1999. The emerging subcontinental nuclear capabilities, however, had a triple impact. They certainly emboldened Pakistan to embark on the Kargil adventure, possibly slowed down India’s initial response to the incursion and having

confirmed President Clinton’s worst fears about nuclear escalation, spurred him into personal involvement in the disengagement endeavour. As India and Pakistan pursue larger arsenals and more capable missiles, nuclear weapons will play an increasingly dangerous role in the subcontinental balance of power; unless the two rivals agree to start a dialogue and evolve tangible confidence-building measures.

As Jones and McMillan point out, a key US concern, post-Kargil, related to the kind of (divergent) lessons taken up by India and Pakistan; possibly creating the potential for more future conflicts. The latter part of this volume is, therefore, devoted to the lessons learnt by India, Pakistan and the United States. On the face of it, India seems to be the one Kargil participant who has undertaken the greatest introspection, and even gone through the motions of undertaking ‘reforms’ in the national security arena. However, subsequent crises including the November 26, 2008 Mumbai terror strike and the Maoist insurgency have demonstrated the lackadaisical implementation of these reforms, the gaping holes that persist, and the inability of India’s security establishment to cope intellectually with serious threats.

In the concluding chapter of the book Robert Jervis wonders why Pakistan persists in its endeavours to change the status quo in the subcontinent when it clearly has few tools with which to accomplish this daunting task. He cites, in this context, the realist argument, which says that states not only should muster the resources needed to protect their interests, but must also trim their interests to fit their resources.

In this context, one cannot help recommending to our Western neighbours, John Kenneth Galbraith’s stark but pragmatic “North American solution”, which envisages the sacrifice of Kashmir as an emotional and military rallying point for Pakistanis and the acceptance of a subsidiary role in South Asia, commensurate with their country’s size, population and economic strength. Only then might this troubled subcontinent see some peace and stability.

All in all, *Asymmetric Warfare in South Asia* turned out to be a most absorbing and intellectually stimulating anthology which, I am confident, would be of interest, both for the lay Indian reader, who may have followed the conflict through the media, as well as for security experts and others who are more knowledgeable on such issues. Those pressed for time will benefit

by choosing articles selectively from this, somewhat daunting, 400 page tome. This volume would form an appropriate foundation for Indian think-tanks to build further upon; with regard to pitfalls facing the India-Pakistan strategic relationship—especially in the domain of nuclear deterrence—and how it is likely to evolve in the years ahead.

#### **The better tomorrow?: Continued from Page 27**

Mongol hordes. Because we know that such a thing is impossible today. Because we know that we have evolved from that brutality. Because every successive generation is less brutal and more humane the one before it.

Yet look at the hate on our social networks, websites or under our newspaper columns. Look at the recent data which shows that the female foeticide increases with education or income. Look at the massive involvement of our younger politicians in scams and corruption.

Does this give us any security that the next 60 years will be any better than the last 60?

Let me cite one personal incident that has left me extremely sceptical.

Three or four years ago a good friend visited me

in Mumbai. Not only does he have an excellent education but he is also extremely well-travelled and, at that time before economic chaos, spent more than half the year zipping around in private jets. A worldly wise chap if there ever was one.

As usually one topic led to another and we began to speak about the global problem of terror, and the increasing marginalisation of Muslims all over the world and in India. It was a pretty heated discussion which my friend brought to an abrupt close by saying: "Those guys are a problem. Muslims cause problems wherever they go. We are better off if someone would kill all of them."

Our tomorrow looks awfully, terribly entwined in our yesterday.

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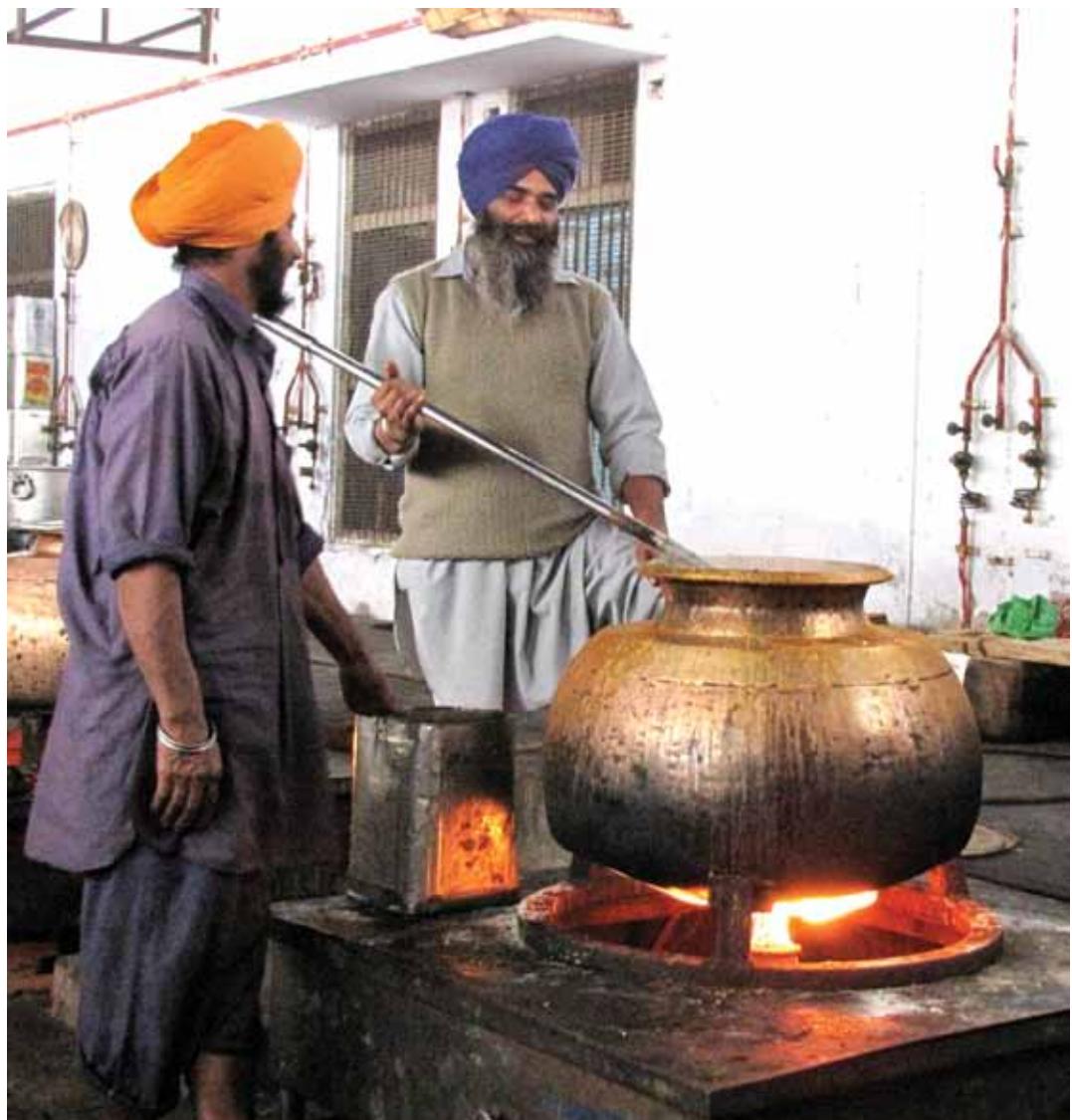
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